

POWER SOURCE[®]

A Corporate Publication of Santee Cooper

SPRING 2006



Managing Santee Cooper's Property | Spotlight on Albany International | Building Prosperity for South Carolina

SANTEE COOPER'S GENERATION PLAN SHOWS PREPARATION FOR GROWTH

Santee Cooper's mission is to be the state's leading resource for improving "the quality of life for the people of South Carolina. The most important way we do this is by providing low-cost and reliable power in the least cost manner.

The state is growing at a tremendous rate, which makes planning for future energy needs critical. South Carolina's population is increasing about three to four percent annually, and the state is expected to have 5 million residents by 2025.

Santee Cooper has a responsibility to keep the lights on for these growing numbers of customers, and we take that seriously. Each day, we generate the power used by more than 2 million South Carolinians, either as direct customers or through the state's 20 electric cooperatives. The choices we are making today will ensure future generations can enjoy the extraordinary standard of life we have in South Carolina.

The state's growth, along with significant changes in gas and coal prices, the National Energy Policy Act's incentives for nuclear and a renewed interest in fuel diversity have necessitated the need to review our company's Generation Plan.

The Generation Plan serves as our long-term road map for building essential base-load generation. I am pleased to tell you that Santee Cooper is moving ahead to fulfill its obligation to continue to meet the power needs of South Carolina with the implementation of its new plan.

Energy conservation is an important component of a successful utility and customers are encouraged to reduce their energy costs. Conservation means customers' power bills will be lowered and decreased demands are placed on our generating facilities.

However, conservation alone cannot solely make up for the growing energy demands of the state. It takes a combination of building and conserving.

We will continue to expand our renewable efforts. We will have almost 20 megawatts of alternative energy this June, and will construct several solar, wind and additional landfill projects in the near future.

We will continue to explore nuclear power as a viable option in conjunction with SCE&G at the V.C. Summer Nuclear Station near Jenkinsville. Nuclear power is safe, clean, reliable and can help us become more energy independent.

And Santee Cooper just announced plans to construct a new base load



Lonnie N. Carter

Lonnie N. Carter
President and Chief Executive Officer

coal-fired generating station at our Pee Dee site, a 2,700 acre tract of land along the Great Pee Dee River in Florence County. This facility is expected to begin producing electricity in 2014 and we look forward to being a good corporate citizen in this portion of the state.

By implementing and managing our Generation Plan, Santee Cooper demonstrates a commitment to balance environmental responsibility while providing reliable, low-cost power to the citizens of this state.



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\$52 Million in Utility's Bonds*

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PALMETTO ECONOMIC DEVELOPMENT CORP.:

A STRONG FORCE IN SHAPING A MORE PROSPEROUS PALMETTO STATE

Nearly two decades ago, Santee Cooper and the state's electric cooperatives formed an alliance that jump-started business and commerce in much of the South Carolina's rural, developing and developable areas.

The idea was to prudently foster and manage business and industrial recruitment, including relocations and expansion of existing firms.

That partnership is the Palmetto Economic Development Corp., based in Columbia. This effort has marshaled resources into a vital, critical force that has helped bring good-paying jobs to many parts of the state, places that more often than not, need them most. Since being formed in 1988, PEDC has been significantly involved in:

- Attracting \$6.492 billion in announced investments
- The creation of 36,615 jobs

Early high-profile successes in the 1990s include Nan Ya Plastics in Lake City and Honda's all-terrain vehicle and personal watercraft assembly plant near Timmonsville.

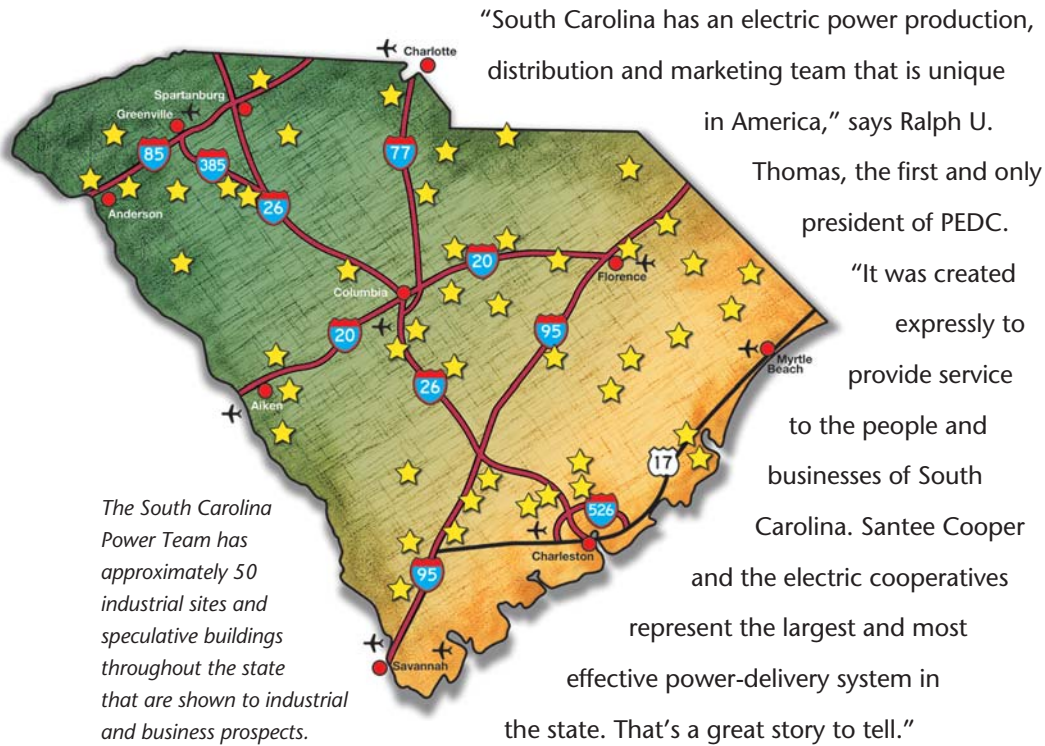
Such a great report card doesn't simply happen. It demands continually rising above the ebb and flow of the state and national economies, changing priorities for business and industry, and even politics. Representing Santee Cooper and the electric cooperatives, PEDC promotes this approach as the "South Carolina Power Team." Without this team concept, effective economic development would be merely a pipedream.



Right: Nucor Steel Berkeley is one example of a high-profile industrial recruitment effort in which PEDC has been involved. The manufacturing facility, served by Santee Cooper, is a large private employer in the Lowcountry of South Carolina.



One reason PEDC has been so successful is that through the years, its professionalism has remained high, while staff turnover has stayed low, bringing years of institutional knowledge to South Carolina’s economic development landscape.



What PEDC Does

Building the state’s economy involves much more than promoting historically low-cost and extremely reliable electric power. While that’s certainly important, the South Carolina Power Team plays a role one may term as “someone.”

“Someone needs to attract the company’s interest,” says David Reid, PEDC’s vice president of business relations. “Someone needs to provide information about opportunities. Someone needs to help the company process the information. Someone needs to sincerely express the desire for a company to locate. Someone needs to facilitate the deal, or the company will go elsewhere.”

PEDC has at least six economic development components in a well-stocked toolbox. They are:

- South Carolina’s strategic location
- South Carolina’s quality of life
- A productive work force
- Site location assistance
- Low costs
- Tax incentives

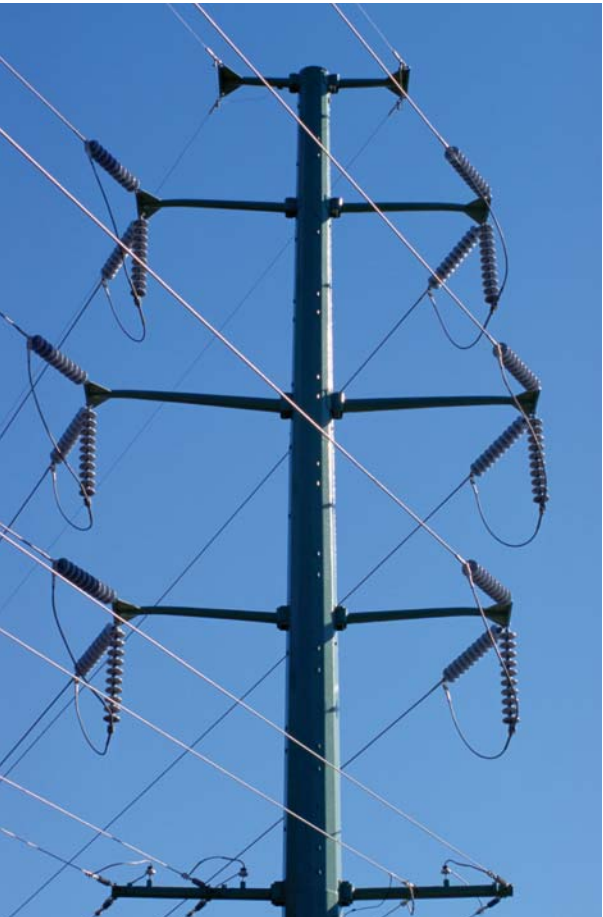
Strategic location is a big consideration for any new or existing business or industry. South Carolina is uniquely located, midway between South Florida and New York City. Just like in real estate, where the mantra is “location, location, location,” having convenient and ready access to markets and materials is a priority for manufacturing facilities and other businesses.

The state is also within a 24-hour drive of about half of the fastest-growing markets in the country. The Port of Charleston is served by nearly

50 steamship lines, representing about 150 nations. The port boasts the South’s largest container port.

Add nine commercial airports to this transportation mix. Include five interstate highways and an outstanding intermodal transportation network served by two railroads, and it’s apparent that South Carolina is well-positioned compared to many other states.

Quality of life has many meanings for different people. South Carolina’s climate is temperate and offers the Atlantic Ocean



on the coast and the mountains of the Piedmont. In between is the Midlands, separating the Lowcountry and the Upcountry. Because of approximately 250 days of sunshine annually, there are few weather-related interruptions. Snow and ice rarely interrupt commerce.

Santee Cooper, Central Electric Power Cooperative and the electric cooperatives in South Carolina have the state’s largest electrical transmission system. That is a big plus when recruiting energy-intensive industrial prospects.



The Port of Charleston, the busiest container port along the Southeast and Gulf coasts, has been recognized as one of the nation’s most efficient and productive ports. It is the fourth-largest container port on the East Coast and is a drawing card for industries needing port access and a powerful tool in the South Carolina Power Team’s recruiting portfolio.

Charleston’s Spoleto Festival USA, billed as the world’s most comprehensive arts festival, has put the state on the cultural map for nearly two decades. There’s golf, with more than 350 public courses and numerous private golfing opportunities. Hilton Head Island, Seabrook and Kiawah Islands, Myrtle Beach and historic Charleston are places that often simply sell themselves to prospects.

A productive work force is what every business or industry of any size wants. With a strong work ethic, South Carolina’s workforce is the Southeast’s most

productive, and the nation’s third most productive. About 20 percent of the non-government workforce lies in manufacturing. This figure, besting the national average, impresses manufacturing firms. They want to locate where manufacturing is already part of the landscape.

The state’s 16 technical colleges and their 22 campuses offer further training and retraining opportunities as well as many diploma, degree and certificate programs.

Site-location assistance is a basic service offered by any economic development organization. New industries are looking for the knowledge to put them in the right place. On the Power Team’s Web site, prospects can simply click on maps to see in detail what’s available throughout the state, including speculative or “spec buildings.” Personalized site-location counseling is confidential and is cost-free to an industrial prospect.

All businesses want to operate with low costs. But firms must pay competitive wages to remain profitable. One thing that helps balance that equation is relatively low-cost and highly reliable electricity offered by Santee Cooper and the electric cooperatives.

South Carolina’s industrial electric power costs are about 20 percent less than the Southeastern and national averages. For some industrial loads, these costs can be as much as 30 percent less. Combine these power rates with relatively low construction and land costs, and the results are low production costs for industry.

Tax incentives are offered in South Carolina, a typical inducement in economic development. South Carolina’s tax climate rewards investment and employment. No inventory tax and the lowest corporate income tax rate in the Southeast are a part of the list that includes tax exemptions, abatements, moratoriums,

credits and reductions for new and expanding companies.

Other incentives include sales tax exemptions (on pollution control equipment, production machinery; industrial power and materials that become part of a finished product) and 10 to 15-year corporate income tax moratoriums for investing in the state’s least developed counties.



With over 380 golf courses in South Carolina from the mountains to the seashore, some have dubbed the Palmetto State “The Golf Capital of the South.” Along the Grand Strand, Santee Cooper’s direct service area, almost one-third of those golf courses can be found. A “quality of life” along with golfing opportunities can have great appeal to industrial prospects.

While such incentives may occasionally raise eyebrows, competing states offer similar and in some cases, even more attractive packages.

The South Carolina Power Team engages in marketing and advertising programs and interacts with Santee Cooper and individual electric cooperative economic development efforts. This interaction includes the local and regional economic development structure.

These efforts are now embracing the recent biotech, hydrogen, automotive and warehouse and distribution initiatives that are putting the state in an enviable economic development position in the 21st century. It works closely with the needs of existing industry, where many new jobs actually originate. The days of simply “chasing smokestacks” are largely over.

Santee Cooper and Electric Cooperatives Increasing Economic Development Support

Through PEDC, Santee Cooper and the Electric Cooperatives of South Carolina announced on Jan. 31 several new initiatives to aid economic development efforts in South Carolina. They are now offering:

- To pay for the certification of industrial sites in counties without a certified site
- To financially assist counties with the creation of economic development strategic plans
- Professional development scholarships for county economic development personnel
- Larger amounts of financial assistance for “closing the deal” with prospective new industry.

“While PEDC, Santee Cooper and the electric cooperatives have historically been a major player in economic development, we recently reviewed our involvement and concluded that we needed to raise the bar,” says Santee Cooper President and Chief Executive Officer Lonnie Carter. “We believe these new initiatives represent a significant step in that direction.”



The Port of Charleston has seaport terminals in Charleston, Georgetown and Port Royal. In Charleston County, there are five terminals, including this one, the Wando Welch Terminal with 10 container cranes and 194 acres of container storage space. These terminals help make South Carolina a key player in international commerce.

Certification of industrial sites is the process of documenting that a site has few impediments to permitting and development for industrial use. It involves various soil tests, site surveys, infrastructure analysis, historical and environmental analyses and other studies.

Certification is becoming the standard expectation by prospective industry and their site location consultants. The S.C. Department of Commerce has assisted a number of counties with site certification but currently is unable to assist every county. The South Carolina Power Team program extends the effort beyond the state’s current capacity.

To further support and strengthen local economic efforts, the Power Team is in a position to financially assist counties in the creation of strategic plans for economic development. The assistance is for 90 percent of the cost of developing the plan, up to a maximum of \$40,000.

Assistance is also available for analyses of industrial segments that are most likely to be attracted to a county and for the creation of marketing plans to reach those target industries. The professional development scholarships cover the costs of attending any of the following courses:

- The Basic Economic Development Course (BEDC) taught at various universities around the country
- The Economic Development Institute—a three-year course sponsored by the University of Oklahoma
- The Advanced Symposium at the College of Charleston.

Since 1989, the Power Team has provided more than \$7.7 million to help counties and the state compete for new industry. The limit on such financial assistance has been \$100,000 per project. That limit now goes to \$200,000 but in extraordinary circumstances, it may go to up to \$500,000.

“Economic development is local,” says Gary Stooksbury, vice chairman of PEDC’s eight-member board of trustees, which includes representatives from Santee Cooper and the electric cooperatives. “The significance of these new initiatives is that they were designed and are now offered to strengthen and enhance local economic development programs throughout South Carolina.”

Stooksbury also serves as chairman of Central Electric Power Cooperative, which purchases wholesale power for its 20-member co-ops from Santee Cooper. He is also the chief executive officer of Aiken Electric Cooperative. Santee Cooper’s chairman, Charleston businessman O.L. Thompson, serves as the organization’s current chairman and Santee Cooper President and CEO Lonnie Carter is a PEDC board member.

PEDC has since been involved in many of the major new and expanded business announcements in rural areas throughout the state, such as Caterpillar, Walt Disney Co., Dollar General, Harbor Freight Tools, Target, United Parcel Service, Walgreens and Weyerhaeuser. And at PEDC, they don’t plan on resting on their laurels any time soon. Last year’s report card is worth noting. PEDC’s 2005 survey of large businesses and industry served by the co-ops alone indicated the highest level of growth and expansion since 2001.

The survey included 297 companies reporting a total employment of 34,630 — a growth of more than 2,100 and a six-percent increase since the previous year’s survey. Capital investment by these companies in 2005 totaled more than \$317 million, a 52 percent increase over 2004.

There were 16 significant expansions, creating more than 800 jobs with 42 percent of existing companies adding employees. Ten companies newly operating in 2005 accounted for \$100 million more in capital expenditures than the amount spent by new companies in 2004.

These newly operating companies also accounted for 60 percent of the total employment growth. These figures are tempered by 10 companies closing or moving operations elsewhere last year. “The state’s rural economy, as reflected by the co-op’s industrial customers, is healthier than it’s been in several years,”

Thomas says. “What makes it an even better story than the already good numerical results of this survey is the significant new industries are still under construction. Their capital investment and employment figures of more than \$500 million and 3,000 new jobs are not reflected.”

Economic development is a continually evolving endeavor. It’s good to know that PEDC is staffed by an experienced South Carolina Power Team, backed by one of the nation’s largest publicly owned electric utilities, Santee Cooper, and one of the country’s largest electric cooperative systems. Together, they provide reliable, affordable power that is raising the standard of living in the Palmetto State.

Visit www.scpowerteam.com for more information about Palmetto Economic Development Corporation.

PROPERTY MANAGEMENT: BALANCING THE NEEDS OF SANTEE COOPER'S PROPERTY

A Brief History

The history of Santee Cooper's Property Management Department begins with the development of the original Santee Cooper Hydroelectric and Navigation Project. In April 1939, the South Carolina Public Service Authority's Land Department, working with Harza Engineering, began acquiring and cataloging property vital to the development of the project. The clearing of 177,000 acres of swamp and timberland required the hiring of more than 12,500 workers who were removed from the Depression era relief rolls of every county in the state. More than 200 million board feet of timber were harvested and sold in a way that did not disrupt the state's budding timber industry.

"Following the completion of the project, the mindset was to manage the lands by planting timber and providing recreational opportunities for the citizens of South Carolina, while controlling and limiting development around the lakes," said Manager of Property Management Dave Evans. "In the 1940s, as undeveloped property and open agricultural lands were transformed into forests, the demand for the recreational use of the lakes increased."

By the 1950s, the increased popularity of the Santee Cooper lakes led to the public's request for lots where they could build weekend retreats and vacation cottages. While maintaining



Above: Dave Evans, manager of Property Management, leads an experienced team of professionals.

Left: The Old Santee Canal Park in Moncks Corner, a 195-acre facility with more than two and one-half miles of boardwalks, encompasses the last one-mile section of the historic Santee Canal.



Santee Cooper's Land Agent Susan Welch measures a dock as part of Developed Property's active inspection and permitting process.

ownership of the land around the lakes, Santee Cooper developed a lease agreement program, and 52 subdivisions were built around Lakes Marion and Moultrie, offering leased lots for the public's enjoyment.

"The Santee Cooper project is subject to periodic relicensing by the Federal Emergency Regulatory Commission," says Evans. "In 1976 during the relicensing study and in

response to the growing demands upon the lakes, the FERC requested that Santee Cooper develop policies for governing property use. The Land Department was reorganized as the Property Management Department in order to focus on three areas of responsibility.

The Developed Property unit fulfills the need for better planning and use of Santee Cooper properties. The Inspection and Compliance section assures that

standards for all structures are designed, met and maintained. And the Forestry and Undeveloped Land section balances the needs of forest management and outdoor recreation.

Developed Property/Inspection and Compliance

"With Santee Cooper's 1976 FERC relicensing, it became evident that the increased development upon the lakes meant more active inspection and compliance was in order," says Larry Gilbert, supervisor of developed property. "We're required to know what is on our property at all times."

With this goal in mind, Santee Cooper created an inventory of all developed property. Every lot was walked and all structures were cataloged, creating a baseline from which a permitting program for all new construction was created. Communication with the public and education of the lessees was an essential ingredient for the success of this program.

The developed property unit set the standards, such as codes and covenants, for all buildings, docks, piers and boat



Short Stay, a military recreational facility located on Lake Moultrie, is one of some 50 subdivisions found on the Santee Cooper Lakes.

ramps. The mission of inspection and compliance was to issue permits for new construction and to make sure that all structures met those standards.

"Both permitting and inspection are an important way of keeping track of what's on the property," says Gilbert. "Our land agents perform more than 3,600 inspections each year while driving over 65,000 miles. Aerial inspections of structures along the lakes' shorelines are performed at least every other month. Four hundred permissions are issued annually."

Santee Cooper also leases property on both lakes for 56 commercial facilities, as well as the 29 public boat ramps and docks that provide access to the lakes.

Shift in Direction and the Lot Sales Program

Through the years, the focus has changed from lease agreements for small vacation cottages to larger, more expensive year-round homes. A major shift occurred in the 1990s, when, under the direction of Santee Cooper's Board of Directors, Property Management conducted a survey of their lessees to determine if they would be interested in purchasing their leased lots. Nearly 75 percent of those surveyed

suggested they would be interested sometime within 10 years.

In 1995, the board authorized Property Management to begin the lease lot sale program offering lots in certain subdivisions. Lessees were given the option of purchasing the lot anytime during the term of the lease agreement or continuing their lease.

"Today, about 75 percent of the lots that were offered for sale have been purchased," says Evans. "And divestiture of some of the 'property deemed surplus to our needs' continues today."

Forestry and Undeveloped lands

“Santee Cooper has always managed its lands for multiple uses,” says Jose Stephens, supervisor of Forestry and Undeveloped Land. “And from the very beginning, we always managed Santee Cooper’s property using good forest management practices.”

“But our goal all along has been to provide the citizens of South Carolina with quality lands and water for outdoor recreation,” adds Stephens. “In recent years, in fact, that goal is more important than ever as we strive to balance forest management with developing and promoting outdoor recreational opportunities for the public.”

In 1995, Santee Cooper built a nature trail in the Eutaw Springs Wildlife Management Area and has worked closely with the Palmetto Conservation Foundation in the development of the Palmetto Trail, which stretches from the Lowcountry to the Upstate. This scenic trail offers hikers the chance to experience the dozens of habitats and ecosystems that comprise South Carolina. Significant portions of the trail’s Lake Moultrie, Lake Marion and Eutaw Springs Passages are all on Santee Cooper property.

The Wadboo Creek Canoe Trail opened in 2001 and was developed jointly by Santee Cooper, the U.S. Forest Service and Berkeley County. This eight-mile canoe trail winds through a pristine black water swamp and ends on the Cooper River.

Santee Cooper is also working closely with the Berkeley County Water and Conservation District to develop additional trails for the enjoyment of the public. Recreation is indeed a driving force in Santee Cooper’s undeveloped lands. More than 160,000 acres of surface water on Lakes Marion and Moultrie and 23,500 acres of forested land (a total of 183,500 acres) offer an outdoor paradise. In addition, more than 20,000 acres are provided and protected in wildlife management with the South Carolina Department of Natural Resources.



The Wadboo Creek Canoe Trail offers quiet solitude and scenes of a pristine black water swamp. The eight-mile trail is located in Berkeley County just a few miles from Moncks Corner.

“Thoughtful forest management practices that benefit Santee Cooper, as well as the public, demand careful planning,” says Stephens. “It requires both short-term and long-term programs for controlled burning to enhance growth timber harvesting as well as replanting of harvested areas.”

Building Relationships

“Since Property Management has a mandate from the FERC to provide public access areas on the lakes, building relationships with local and state governments has always been very important,” says Evans. “Clarendon County’s community park at Taw Caw Creek and Santee State Park are examples of this type of relationship.”

Opened in 1949, Santee State Park, comprised of 2,500 acres on the south shore of Lake Marion in Orangeburg County, is an attractive destination for bird watchers, swamp lovers and, of course, boaters and anglers.

In addition, Clemson University’s R.M. Cooper 4-H Leadership Center is located on the scenic shores of Lake Marion. Over the years, the center has been warmheartedly known by hundreds of young people as Camp Bob Cooper.

Old Santee Canal and Overton Parks

“We’ve been in the park business indirectly for years in our relationship with Santee State Park,” says Santee Cooper’s Wayne Lee, director of the Old Santee Canal Park”, and then subsequently with our involvement in the development of the Old Santee Canal State Park. But in 1999, we became directly involved as Santee Cooper assumed ownership and operation of the historical canal park.”

Lee calls the Old Santee Canal Park a real Berkeley County jewel.

“It’s 200 acres of history and pristine Lowcountry swamp,” says Lee. “And it’s centered on Biggin Creek, the historical site of the southernmost section of the original 22-mile long Santee Canal. The Little David, a Confederate semi-submersible torpedo boat, was built here. In 1863, it was the first such vessel to make a successful torpedo attack on a warship.”

The park's Interpretive Center is the hub of historical and environmental education at the park. Its open design seamlessly blends environmental displays with scenic views of the park landscape. Numerous exhibits tie the canal's history to its natural environment.

"We continue to enhance both the historical and environmental education opportunities at the park," declares Historical Education Coordinator Mary Bell. "We can setup programs for age groups ranging from kindergartners

to college students. The number of participants has steadily increased over the years reaching students in Berkeley, Charleston, Dorchester, Clarendon, Williamsburg and Georgetown counties."

"We set a goal five years ago, to become the preferred center of activities in Moncks Corner, home of Santee Cooper's corporate headquarters," says Lee. "We feel that we've met that goal as evidenced by both public and private functions."

"Every spring for seven years, we've held an oyster festival, the park's primary fundraiser. Oysters, hot dogs, hamburgers, slides and live music draw an ever increasing crowd each year," adds Troy Diel, assistant park director. "The festival provides fun for the whole family. This year's event drew over 2,000 folks."

Bluegrass in the Park, Fourth of July festivities and Charleston Symphony Orchestra performances are a few of the other entertaining public events held at the park.

The Antique Tractor and Engine Show, the annual fundraiser for the nearby Berkeley County Historical Museum, is also held on park grounds.

The Stony Landing House is maintained in the period style of its original construction and is a very popular site for private gatherings such as weddings, receptions and family reunions.

The Old Santee Canal Park Interpretive Center, nestled within a natural Lowcountry landscape, is an 11,000 square-foot facility that houses cultural and natural history exhibits, an interactive computer, live-snake exhibits and much more.

"We're looking ahead as well," says Diel. "With popularity comes the need to grow. Our future plans include additional classrooms in the Interpretive Center and a catering room too."

"In the future we plan to do more with eco-tourism," says Lee. "We'll be working with a group of paddling enthusiasts to promote the paddle ways of Berkeley County with a two-day event in April. This piggybacks nicely with our development of the Wadboo Creek Canoe Trail and is another example of how the park is at the center of local activity."

Santee Cooper's presence as a preserver of canal history and the environment is no more evident than at the Old Santee Canal Park.

For more information on the park or for details on upcoming events, visit the park's Web site at www.oldsanteecanalpark.org.

Overton Park, also owned and operated by Santee Cooper, will soon open for its fourth summer. This beautiful public park, situated on an 80-acre tract along the shores of Lake Moultrie, provides 400 feet of beach and water access and includes picnic tables and a bathhouse.



The Stony Landing House, located in the Old Santee Canal Park in Moncks Corner, was built around 1843. It's a two-story house that stands majestically overlooking Biggin and Wadboo creeks and the Tailrace Canal and Cooper River. The house is decorated with period furnishings and is open for tours.

“Attendance at Overton Park continues to increase,” says Lee. “It has become a popular destination for swimming and picnicking throughout the summer.”



Santee Cooper's Senior Land Agent Elisa Furse reviews one of many maps found in Property Management. Maps are an integral part of the department's geographic information system.

GIS and Knowledge Management

As development on Santee Cooper's property has grown, so has the need for reliable, accessible and current knowledge about the property. This requirement has been fulfilled

by combining a Geographic Information System with the available database of information about Santee Cooper's developed property.

“All of our leased lots have been digitally mapped,” says Senior Land Agent Elisa Furse. “This includes aerial photography and outlines all of the lots on both lakes. Link this with lease information such as account numbers, amendments and permitted

structures, and you've got an efficient tool for managing Santee Cooper property at your fingertips.”

Soon, information about Santee Cooper's forested property, such as acreage, timber types and age class, will be entered into the system, as well as substation and generating station sites and transmission rights-of-way.

Facilities Management and Workspace and Grounds Management

Facilities Management as well as Workspace and Grounds Management are recent unit additions to the Property Management department,” says Evans. “These are the folks who take care of the property and facilities at Santee Cooper's Moncks Corner office.”

“Probably the main challenge that we face on a daily basis is lighting,” says Facilities Manager Wally Knecht. “In a day, we'll have three or four requests for light replacements. That means that every year we send out nearly 2,400 tubes and bulbs for proper disposal.

“Our focus is on preventive maintenance,” adds Knecht. “With a complex our size, it's important that all the heat pumps and chillers are well-maintained to keep the workspace comfortable year round.”

Motor controls, drive belts, electrical panels, thermostats and light fixture ballasts; whatever it takes to keep Santee Cooper's main office operating, Facilities Management takes care of it.

“The goal is to provide a workspace that is safe and functional,” says David Kizer, general supervisor of Workspace and Grounds Management. “Our custodial crew makes sure the facilities are clean and inviting, and if your chair or file cabinet needs repair or replacement, call us.”

“We're engaged in a long-term project now in which older-style cubicles are being updated with a more modern system that better handles today's power and communications requirements. Standardized components use the space that we have more efficiently.”

Santee Cooper's main office grounds are a source of pride for the employees as evidenced by how little time the grounds management staff has to spend keeping the grounds clean. “We can concentrate on manicuring and managing the space,” adds Kizer. “With spring and fall plantings we try to keep the grounds colorful and attractive for our employees, visitors and the community.”

Challenges for the Future

“Property Management will continue to manage and balance Santee Cooper's land resources for its many different users,” says Gilbert. “We carefully consider the future when making our land management decisions.”

“Managing property is much more complex today. Once seemingly simple choices are no longer simple,” adds Stephens. “We try to think outside the box and ask ourselves what precedents our decisions might set. How will our decisions impact more than just South Carolina?”



Santee Cooper Maintenance Technician Darrell Weise replaces the ballast on a light fixture at Santee Cooper's corporate headquarters in Moncks Corner.

“As we respond to the impact of decisions made 20 to 30 years ago, we must learn from our experience and thoughtfully consider how what we decide today will impact future generations,” reflects Evans. “Santee Cooper is among the utility leaders in wise management of land resources.”

Property Management continues to pursue the mission of Santee Cooper's original legislation - to be a valuable asset to the state of South Carolina. Everyday, Property Management strives to improve the quality of life of South Carolinians by carefully balancing land resource management with quality outdoor recreation.

ALBANY INTERNATIONAL:

ST. STEPHEN'S SHINING STAR FOR 50 YEARS



Down a quiet street in Berkeley County, off U.S. Highway 52 in the town of St. Stephen, sits the manufacturing plant of a successful multinational corporation.

That corporation is Albany International, a 111-year-old firm headquartered in the state capital of the Empire State, Albany, N.Y. This particular facility is but one of the firm's many facilities, located in such far-flung locales as South Africa, Germany, Brazil, Australia and China.

In St. Stephen, the Albany International facility makes a special fabric for machines used in the paper-making industry. It's called paper-machine clothing, or PMC by those in the business.

"When Albany International started here in 1956, this was the first external plant outside of Albany," says plant manager Thor Sandgren.

A native of Sweden, the Albany International veteran has been at the helm of the St. Stephen location for one year.

"The reason they decided to move south was because during this time many of the nation's paper companies were building plants around here,"

Sandgren says. One need not look far. In nearby Georgetown, International Paper has been in business since the late 1930s, and MeadWestvaco also began production at its North Charleston facility in that time period.

The fact that Albany International has not merely survived, but is actually thriving, offers proof-positive that sophisticated manufacturing can and does thrive in the South Carolina's rural areas.

"We offer very competitive pay and benefits," says Sandgren. "You must offer those things not only to be competitive, but also to stay competitive."

Above: Plant manager Thor Sandgren has been at the helm of Albany International's St. Stephen location for about a year. At this facility, a special fabric for machines used in the paper-making industry, or paper-machine clothing, is produced.

Right: This water tower, on site at the Albany International facility in St. Stephen, provides a ready source of water for washing the felt or "paper-machine clothing" during the manufacturing process. Water is also available for the facility's fire protection sprinkler system.



Northern Part of County Missing Lowcountry's Economic Boom

Currently, the unprecedented growth in Berkeley County is well-documented, seemingly daily. A growth parade is hitting full stride, with a multitude of new housing developments now under construction and announcements coming every few weeks. Projections call for at least 50,000 new single-family homes to be built within the next 10 years. Almost all of this growth is along the county's southern tier, or midsection.

And manufacturing is also in high gear. Nucor Steel Berkeley, which has a plant in the Cainhoy and Huger areas, a next door neighbor of booming Mount Pleasant, has expanded twice since beginning rolled steel manufacturing operations in 1997.

But as attractive jobs and companies like D.R. Horton and Beazer Homes are beating a path to Berkeley County, the northern end has experienced hard times.

St. Stephen is a sleepy town of 1,800 residents with a four-lane thoroughfare. It sits about halfway between Florence, the regional center of the Pee Dee, and Charleston.

Local economists consistently describe the Berkeley, Charleston and Dorchester County economies as booming. But most of St. Stephen's downtown, bisected by the CSX Transportation railroad, consists of abandoned storefronts and stark reminders of a once-flourishing economy built on timbering and farming. Its old movie theater has screened its last picture show and the old Keller Hotel's last guest checked out long ago. Most of its residents have to work elsewhere.

If Albany International Likes it Here, Others Could Too

St. Stephen's situation is not unlike many other small towns scattered throughout South Carolina.

Double-digit or near double-digit unemployment figures dot nearby counties in the Pee Dee region. The town's landscape closely mirrors those locales, a stark contrast to the prosperity going on just 15 or 20 miles away.



Albany International employee Dennis Shuler displays fiber used in manufacturing paper machine clothing at the St. Stephen plant.



But a successful multinational corporation that has been in St. Stephen for a half-century isn't still around for philanthropic purposes. If it didn't like St. Stephen, the plant would have joined the list of South Carolina's shuttered plants and factories long ago.

"We have a very stable work force here," says Sandgren. "I would say 14 to 16 years is our average tenure. They are very dedicated employees and they have a good work ethic."

More than half of the plant's employees live within 10 miles of the plant, according to Steve Bolen, the human resources manager. Employment is approaching 310 hourly and salaried workers. It's a 24-hours per day, seven days per week operation, with 12-hour shifts Monday through Friday.

All things considered, Sandgren says he doesn't see why other top industrial firms wouldn't give the St. Stephen area a serious look as an attractive place to set up shop. In fact, he says, "We would welcome it."

In 2005, Plant Had Manufacturing Expansion, 30 New Jobs

The plant's engineer, Steve Collins, says the production of giant sheets of fabric that are made predominately of nylon requires three basic operations: weaving, needling and finishing.

"Raw materials are shipped from New York and we use virgin fiber," Collins says, "but we try to recycle as much as we can."

The machinery required to do the job costs from \$1.5 million to several million dollars, and some machines weigh up to 80 tons each. A reflection of the global economy is that the machines inside the 112-acre site were manufactured in Canada, Norway, Sweden, Germany and Austria.

The time from when an order is placed to the time it's ready for shipment on a tractor-trailer truck is approximately two weeks. Once installed on a paper-making machine, typically in the United States, the product lasts about a month before needing to be replaced.

"Albany International's goal is to dominate the market," Sandgren says. "I believe we have the ability to do that because we empower our employees here. At any time, they have the ability to stop the process if they see something is wrong. It's better to deal with



Robert Johnson, an Albany International employee, prepares warp yarn for the weaving process.



Above: Albany International employees Greg Shealy and Chris Dawson monitor the web-making process. **Bottom right:** Quality checks are conducted throughout the process as demonstrated by Travis Hiers.

something that is wrong at this stage of the process, than to have a product that is later discovered to be defective.”

Bolen says the plant continuously works with Job Services and used them for their expansion hiring. A Greenville native who spent a lot of his professional life in the Upcountry’s textile industry, Bolen is impressed with the Lowcountry work ethic, a “get it done” attitude.

“The attitude of the people here makes this plant work successfully,” he says. “They’re very cooperative. We have a very mature work force. They make suggestions and understand what it takes to get the job done. A lot of places, you can’t say that.”

Albany International places high value on education; everyone at the plant

has at least a high school education, and some are college graduates. The days of minimally educated workers getting hired are long gone, at least in this setting.

“We’re much more stringent in the hiring process,” Sandgren says. “The equipment is changing and much more technologically advanced than in the past.”

“We have very few of what you would consider entry-level jobs,” says Collins. “A few college graduates are unit operators.”

Mechanical and electrically related skill sets are put to extensive use, for example, by those unit operators and loom fixers. While several hundred applicants may apply for a single job, Bolen says it’s the education level that

places other job seekers ahead of others. His message to prospective job applicants: get as much education as you can and be highly motivated. If you do, Albany International will be interested in you.

In 1992, the plant achieved recognition from the International Standards Organization, or ISO, a worldwide benchmark for industrial performance. The St. Stephen facility is ISO 9001 certified.

A Good Corporate Neighbor, Fitness Emphasized

“We are involved in the community,” Sandgren says. “It’s important to us. We do outreach work at Timberland High School. All of the Albany International plants are like that.”



Employees receive annual health evaluations in a partnership with Trident Regional Hospital. A separate building contains weights and health and fitness equipment. A 50-seat cafeteria is where employees can take a break.

One aspect of Albany International’s operations that can’t take a break is its power supply. Santee Cooper serves the plant, which is one of the utility’s older industrial customers, numbering nearly three dozen in Berkeley, Georgetown and Horry Counties.

“Santee Cooper is very responsive when we call upon them,” says Collins. “We have very few interruptions. Our biggest energy user is the air-conditioning system. We’re always looking at ways to operate more efficiently, and energy use is a part of that. It’s another way our employees can get involved.”

Future Looks Bright

“I came to the United States in 1990 to study the American approach to manufacturing,” Sandgren says. “I like it here in South Carolina and so does Albany International. I believe our future in St. Stephen is bright. We have been successful for many reasons, not the least of which is the people who work here.”

While industry continues to look for suitable places to locate, it might do well to look no further than northern Berkeley County, where a solid work force and motivated employees keep Albany International’s world-class operation at the top of its game.

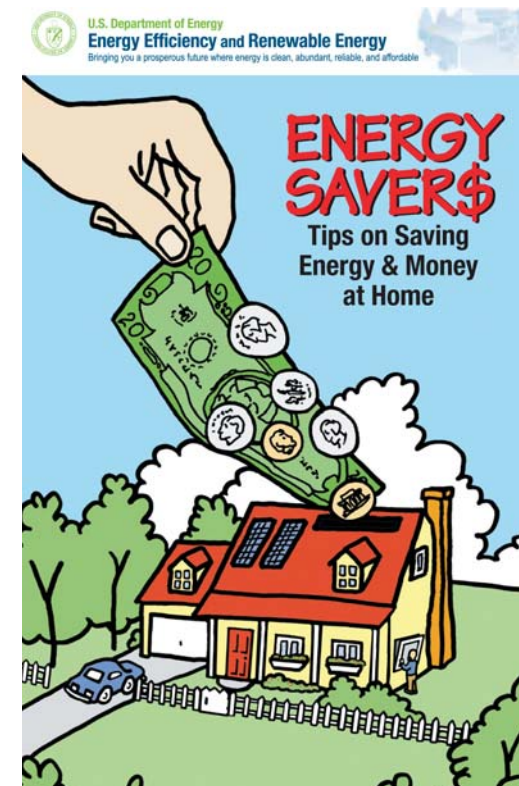
Visit www.albint.com for more information about Albany International.



A finished fabric, made predominantly from nylon, shown prior to packaging.



ENERGY CONSERVATION MAKES CENTS



Above: The U.S. Department of Energy's Web site, <http://www.eere.energy.gov/consumer/tips/about.html>, in partnership with Owens Corning, launched Energy Savers in 1998. Since then, Energy Savers has reached more than 2 million people, providing useful tips to help Americans save energy and money at home.

Left: By replacing the five most frequently used light bulbs with compact fluorescent light bulbs, customers can save more than \$60 annually in energy costs. Santee Cooper encourages customers to practice energy conservation, which will, in turn, help the state-owned utility meet the state's future power needs.

None of us has escaped the rising cost of energy. When the price of gasoline jumped dramatically in the fall of 2005, carpools suddenly came into vogue and people flocked to local dealerships to trade in their sport utility vehicles for hybrid vehicles. So, how do you trade in your house? For most of us, it simply isn't an option, so we're left with the task of changing our lifestyle and taking the long view of our energy dollar.

Your home is like a living creature and, herein South Carolina, the energy that likely feeds it is electricity. Your home's interdependent parts, such as space conditioning, lighting, food preparation and water heating, act together to make up your total energy usage.

Check Santee Cooper's Web site at www.santeecooper.com/energyaudit for an Online Energy Audit. It's a great way to learn how to reduce energy consumption and save money. The program uses information you provide on your home's construction, heating and cooling, water heater and appliances to create customized energy conserving recommendations. It only takes a few minutes. Best of all – it's free.

Heating and cooling consumes almost half of your total energy dollar, so it offers the greatest potential for savings. Unfortunately, the chance to save big sometimes presents itself with the opportunity to spend big, like when that old heat pump dies or there just isn't enough caulk and weather stripping in the world to plug the gaps around those drafty windows. But when the inevitable happens, it can pay off big to consider the most energy-efficient option. In the long run, it can save you hundreds of dollars per year.

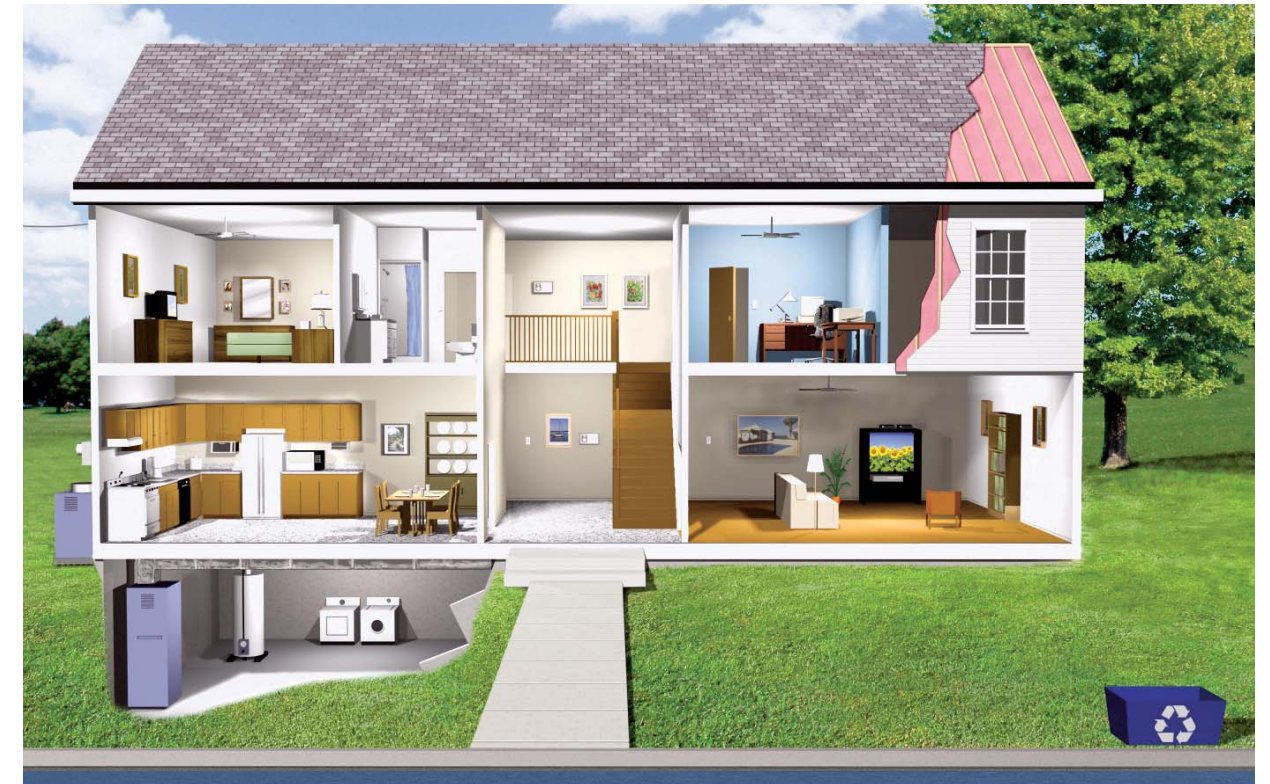
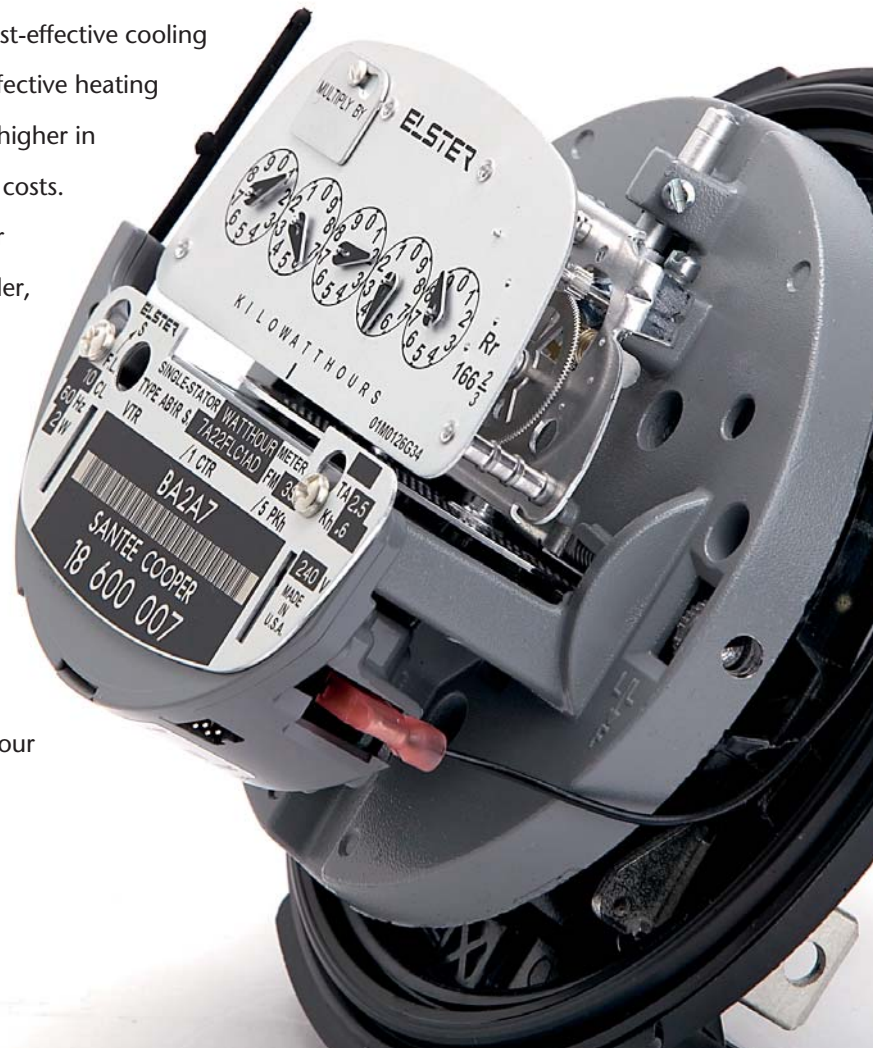
Even an older, less efficient heating or air conditioning unit operates more cost effectively when it's running properly. Have your heat pump serviced annually by a qualified expert to ensure the system is operating at peak efficiency.

Change or clean your heat pump filter at least once each month during the high-use months of summer and winter.

Set your thermostat at the highest comfortable setting in summer and the lowest comfortable setting in winter. A comfortable, cost-effective cooling range is between 78 F and 80 F. A comfortable, cost-effective heating range is 65 F to 68 F. Each degree lower in summer or higher in winter can substantially add to your cooling or heating costs.

For maximum comfort, let the air flow. A dirty filter chokes airflow and forces your equipment to work harder, using more energy. Don't block air registers or air grills with furniture, draperies or carpets.

Keep all doors leading outside, windows and closets closed when your heating or cooling system is running. Dehumidifying your home in the summer is one of the roles of your heat pump or air conditioner. While shutting off your system at night and opening your windows can be one way of cutting cooling costs, it can also mean more work for your cooling unit the next day, costing you more money.



Take a close look at this picture and find the items related to energy conservation. See page 33.

In the summer, wait until evening to bake, bathe, run your dishwasher or operate other appliances that add heat and humidity to the house.

By running the exhaust fan in the bathroom when showering and in the kitchen while cooking, the hot air is removed from your house and taken outdoors.

Insulate properly to fight entropy

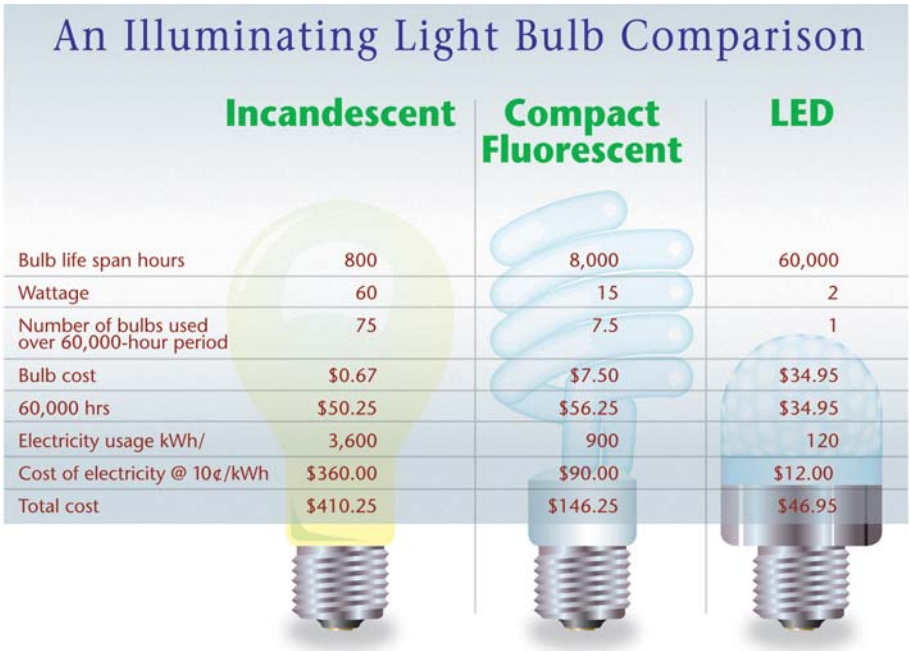
Properly wrapping your house in insulation helps keep the heat in and the cold out in the winter, and the cool in and the heat out in summer. That's why making sure your home has proper insulation is so important. It increases the comfort of the home, and it can help cut your space-conditioning costs up to 10 percent by plugging air leaks around your house.

Use the Sun

In winter, you can take advantage of nature’s warmth by opening shades and curtains and letting the sun shine in. Then close the shades or curtains at night and on cloudy days to minimize heat lose. Likewise, in the summer, close the shades and curtains to keep out the sun’s hot rays.

Regardless to the time of year, if you’re not using it, turn it off. Turn off the lights when you are leaving the room, and don’t forget to shut off unnecessary electric devices like televisions and fans.

Remember, fans don’t cool rooms. Fans cool people.

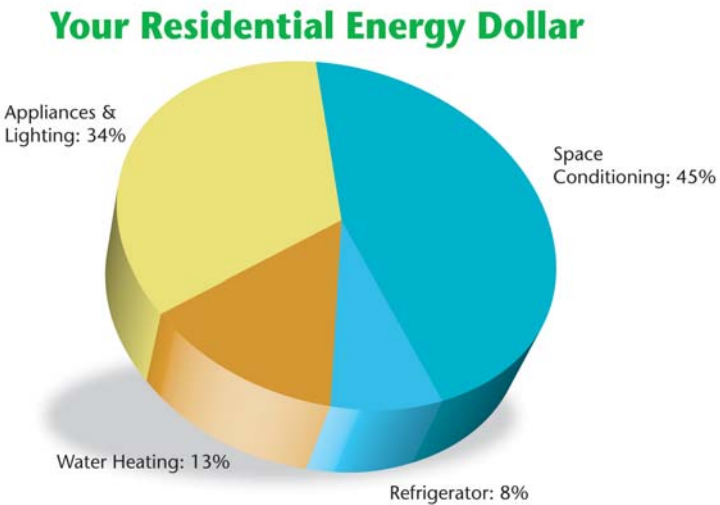


Even the smallest savings add up. For instance, consider buying compact fluorescent or super energy-efficient LED bulbs the next time you find yourself in the dark. Although they cost a good bit more than conventional incandescent bulbs, they last a lot longer and use 25 percent less energy. As a matter of fact, if every U.S. household replaced just one conventional incandescent 60-watt bulb with a compact fluorescent bulb with the same light output, the United States could save 18,540 megawatts per day. That’s the energy it takes to power 1.3 million homes.

Water heating is also a big percentage of your total home energy usage. An easy way to save is to think before you reach for the hot water. Handle and use cold water instead.



- Did you find these energy conservation items?
- ☐ Insulation
 - ☐ Energy-saving appliances such as the refrigerator, stove, washer and dryer
 - ☐ Water heater with timer
 - ☐ Energy-efficient heat pump with thermostat
 - ☐ Shower flow controller
 - ☐ Washing dishes by hand instead of using the dishwasher
 - ☐ Compact fluorescent light bulbs in light fixtures
 - ☐ Insulated or storm windows



Fix your drips. Over the course of time, even small hot water faucet drips can cost you. By repairing a couple of leaky faucets, you will not only save money on your energy bills, but also at the water company too.

Install a shower flow controller. They are available at your local hardware store. Installation is easy. Just unscrew the showerhead, insert the flow restrictor and screw it back in. They work by reducing the flow by three to four gallons per minute. Over the course of the year, 4,000 gallons of hot water can be saved.

Lower your water heater thermostat to 110 F to 120 F and wrap your water heater tank with a low-cost insulation jacket. Make sure you first consult the manufacturer’s instructions.

Wash your clothes in cold water. If your clothes aren’t heavily soiled, you can save about 17 gallons of hot water per load.

Always look for the Energy Star certification when purchasing items that use energy, from light bulbs to appliances. Purchasing a more energy-efficient model may cost you a little more on the day you buy it, but will save you money every day after that.

NEWSOURCE

Cross Stays on Course

Construction on Units 3 and 4 at Cross Generating Station is on schedule and budget. As of April 2006, Unit 3 was about 83 percent complete while Unit 4 was about 15 percent complete. Commercial operation dates remain January 2007 for Unit 3 and January 2009 for Unit 4.

Santee Cooper will invest \$1.4 billion in these units, adding 600 megawatts each. This is the largest capital expenditure in the utility's history. These new base-load units at Cross Station will help Santee Cooper meet the growing power needs of the Palmetto State while helping reduce the company's usage of natural gas and purchased power.

Santee Cooper Retail Bond Sales Total \$52 Million

On Jan. 10, for the first time ever, Santee Cooper retail bonds totaling \$52 million were sold one day only to South Carolina residents. The retail order period was a part of a \$600 million issue to fund the utility's construction projects, including Units 3 and 4 at Cross Generating Station. The bond sale was approved by Santee Cooper's Board of Directors on Jan. 13.

According to Santee Cooper President and Chief Executive Officer Lonnie Carter, Santee Cooper is in the midst of an unprecedented building program in order to meet South Carolina's growing energy needs. "The funding of these bonds afforded South Carolinians a unique investment opportunity."

More South Carolinians Receiving Santee Cooper Power

Santee Cooper is now the source of power for over 150,200 retail customers. And, the customer growth in the electric cooperatives' service area has also increased to more than 665,000 customers. That means more than 2 million South Carolinians receiving Santee Cooper-generated power.



Units 3 and 4 at Cross Generating Station are under construction. Unit 3 will add 600 megawatts to Santee Cooper's system in 2007 with Unit 4 coming online with another 600 MWs in 2009.

Green Power Generation Now Totals 14 Megawatts

Santee Cooper's third methane-gas-to-electricity generating station was up and running on February 28. To construct the \$8 million, 5.5-MW generating unit at the Richland County Landfill, Santee Cooper partnered with Allied Waste in the Midlands region of South Carolina.



The Richland County Generating Station, located at Waste Management's Richland County Landfill near Elgin, is Santee Cooper's third green power facility. Through a process at the 124-acre landfill, methane gas produced by decomposing waste fuels a 5.5-megawatt gas-turbine generator at the \$8.5 million facility.

Santee Cooper was proudly the first utility in South Carolina to generate green power. In September 2001, the utility built a 3 MW facility at the Horry County Solid Waste Authority in Conway, S.C. The second landfill facility, a 5.4-MW station at Allied Waste's 210-acre Lee County Landfill, entered commercial operation in February 2005.

These three facilities bring the total of green power within Santee Cooper's system to 14 MWs. The fourth green power unit, a 5.5-MW facility at the Anderson Regional Landfill near Belton, is an \$8 million investment in renewable energy. Power should begin flowing from the Anderson station this summer.

With all four green power facilities, Santee Cooper's total green power output will equal nearly 20 MWs.

THANKS



On March 31, Jerry L. Stafford retired from Santee Cooper after 33 years of service. The last six of those years were spent creating, developing and growing this magazine,

PowerSource, whose purpose is to educate business and community leaders in South Carolina about Santee Cooper and the positive things happening here, our products and services, and the value the utility adds to the state.

The idea to create a magazine like PowerSource surfaced in 2000, and the first issue appeared in the summer of 2001. A total of 19 issues have been printed, and the magazine now appears regularly each quarter. It's through Jerry's hard work, dedication and determinedness that the magazine has become a well-read publication found on desks and coffee tables all across the state.

Jerry's input in and guidance of PowerSource is greatly appreciated. We wish him well in his retirement years.



What's *your* Legacy?

Investing in Green Power is a legacy for our future, our *environmental future*.

We all leave some kind of legacy for future generations. By participating in Green Power, you can leave a legacy for our environmental future.

Santee Cooper's Green Power is electricity generated from renewable resources -- methane gas from decomposing garbage and now solar energy!

Benefits of Green Power

- 100 percent of the dollars are reinvested in development of other renewable energy projects here in South Carolina
- Decreased demand on our natural resources
- Increases our energy independence!

*EPA: e-Grid SERC Subregion System Average.

Impact of Your Green Power Purchase

At just \$6 per month for one year, you are making the same environmental impact as:

Not driving your car for almost three months!*

Planting over one-third acre of trees!*



To sign up call (843) 347-3399 ext. 3052 or go to www.santeecooper.com/greenpower